

AUG 23 '07

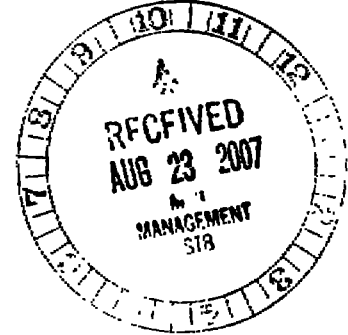
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FLETCHER & SIPPEL LLC

ATTORNEYS AT LAW

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August 22, 2007

SURFACE TRANSPORTATION BOARDPhone: (312) 252-1500
Fax: (312) 252-2400
www.fletcher-sippel.com*Via Overnight (Next Business Day) Delivery*Mr. Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001
Attn: Office of Recordations

Dear Secretary Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are an original and two (2) copies of a Memorandum of Loan and Security Agreement, dated as of July 27, 2007, a primary document as defined in the Board's Rules for the Recordation of Documents, and an original and two (2) copies of the following secondary document related thereto: Memorandum of Assignment of Rents and Lessor's Interest in Leases, dated as of July 27, 2007.

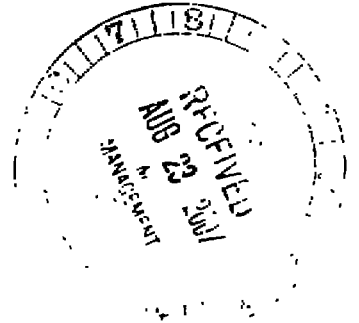
The names and addresses of the parties to the enclosed documents are:

Primary: Memorandum of Loan and Security Agreement

Debtor:	Iowa Northern Railway Company 305 South Second Street Suite 400 Cedar Rapids, Iowa 52401
Secured Party:	Fifth Third Bank (Chicago) 222 South Riverside Plaza 32 nd Floor Chicago, Illinois 60606

FLETCHER & SIPPEL LLC

Mr. Vernon A. Williams
August 22, 2007
Page 2



Secondary: Memorandum of Assignment of Rents and
Lessor's Interest in Leases

Assignor: Iowa Northern Railway Company
305 South Second Street
Suite 400
Cedar Rapids, Iowa 52401

Assignee: Fifth Third Bank (Chicago)
222 South Riverside Plaza
32nd Floor
Chicago, Illinois 60606

A description of the equipment is included as Exhibit A to each of the documents. Included in the property covered by the aforesaid Loan and Security Agreement are locomotives intended for use and related to interstate commerce, specifically Locomotive No. IANR 4002 (former CN 9508), and includes locomotives and the equipment acquired by Debtor or its successors **after the date** of the Loan and Security Agreement.

Also enclosed is a check in the amount of \$70.00 payable to the order of the Surface Transportation Board covering the required recordation fees.

Kindly return one stamped copy of each of the enclosed documents to the undersigned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Myles L. Tobin'.

Myles L. Tobin
Attorney for Secured Party

Enclosures

AUG 23 '07

3-30 PM

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF LOAN AND SECURITY AGREEMENT

THIS MEMORANDUM OF LOAN AND SECURITY AGREEMENT (the "Memorandum") dated as of July 27, 2007, is made by and between Fifth Third Bank (Chicago), a Michigan banking corporation, 222 South Riverside Plaza, 32nd Floor, Chicago, Illinois 60606, (the "Bank"), and Iowa Northern Railway Co., an Iowa corporation, with its chief executive office and principal place of business at 305 South Second Street, Suite 400, Cedar Rapids, Iowa 52401 (the "Borrower").

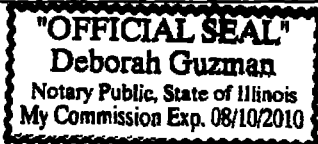
Borrower and the Bank hereby state the following:

1. Borrower and the Bank are parties to that certain Loan and Security Agreement dated as of July 17, 2006, as amended by that certain First Amendment to Loan and Security Agreement dated July 27, 2007 (the "Loan Agreement") (capitalized terms used herein and not otherwise defined shall have the meaning given in the Loan Agreement), whereby the Bank loaned Borrower certain funds to facilitate the purchase or financing of the locomotives, cars, rolling stock or equipment more specifically identified on Exhibit A attached hereto and made a part hereof and any locomotives, cars, rolling stock or equipment acquired by Borrower subsequent to July 17, 2006 (the "Collateral").
2. Borrower's obligations under the Loan Agreement and other loan documents are evidenced by and payable in accordance with the Loan Agreement.
3. Pursuant to the terms of the Loan Agreement and to secure the payment and performance of any and all of Borrower's obligations to the Bank, Borrower granted to the Bank a continuing, first priority security interest in and to, and chattel mortgage lien on, all of the Borrower's right, title and interest in and to the Collateral, to have and to hold all and every part of the Collateral unto the Bank, its successors and assigns, for its and their own use and benefit forever.

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of July 27, 2007.

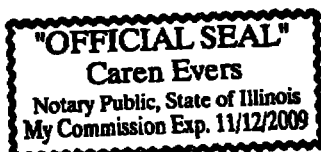
WITNESS:

Deborah Guzman



WITNESS:

Caren Evers



IOWA NORTHERN RAILWAY CO., an
Iowa Corporation

By: [Signature]

Title: President

FIFTH THIRD BANK (CHICAGO), a
Michigan Banking Corporation

By: [Signature]

Title: Craig Schuth
Vice President
Fifth Third Bank

EXHIBIT A

1. Kershaw Ballast Regulator, Model No. 26-3, Unit No. BR-701, Serial No. 26-189-91 with Automatic Shut Off
2. Kershaw Ballast Regulator, Model No. 26-3, Unit No. BR-642, Serial No. 26-1152-78
3. Trailboss Trailer, Model PU27TBA, Serial No. 4S0TP273261002305
4. Jackson 6500 Production/Switch Liner/Tamper, Serial No. 139304
5. Jackson 6700 Production/Switch Liner/Tamper, Serial No. 142453
6. Tamper Brushcutter, Model KTBC, Serial No. 2870174
7. Tamper C Series Regulator, Model C154BR, Serial No. 8BR0005
8. Drott Excavator and attachments, Model 40 BEC, Serial No. 1952
9. Jackson Jordan, Inc. Tie Inserter/Extractor, Model 925SS, Serial No. 142363
10. IANR 4002 (Former CN 9508), Built 10/74, Serial No. 83085

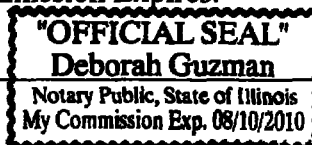
STATE OF Illinois)
) ss
COUNTY OF Cook)

On this 20th day of August, 2007, before me, a Notary Public of the County and State aforesaid, personally appeared Ron Laben, to me personally known, who being by me duly sworn, says that he is the President of Iowa Northern Railway Co., an Iowa corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.

Deborah Guzman
Notary Public

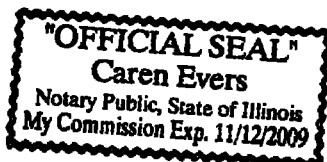
My Commission Expires:



STATE OF Illinois)
) ss
COUNTY OF Cook)

On this 20 day of August, 2007, before me, a Notary Public of the County and State aforesaid, personally appeared CRAIG SCHUTH, to me personally known, who being by me duly sworn, says that (s)he is the VP of Fifth Third Bank, a Michigan banking corporation, that said instrument was signed on behalf of Fifth Third Bank by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.



Caren Evers
Notary Public

My Commission Expires:

11-12-09

Under penalty of perjury, I declare that I have compared the foregoing copy of the Memorandum of Loan and Security Agreement with the original and have found the copy to be complete and identical in all respects to the original document.

A handwritten signature in cursive script, appearing to read "Myles L. Tobin", written over a horizontal line.

Myles L. Tobin

Filer for Secured Party